

OKANOGAN COUNTY COMBINED SPECIAL PURPOSE DISTRICTS
Okanogan County, Washington
January 1, 1992 Through December 31, 1994

Schedule Of Findings - Okanogan County Fire District No. 4

1. Okanogan County Fire District No. 4 Should Establish Controls Over Ambulance Billings And Receipts

During our examination of the ambulance records we identified the following material internal control weaknesses:

- a. Ambulance billings are not done in a timely manner. We reviewed the district's December 6, 1994, ambulance deposit. This deposit included a payment from an insurance carrier for 18 claims. The carrier reduced 7 of the 18 claims by 10 percent because the claims had not been filed within one year as required. The district was required to reduce the charges by 10 percent and cannot recover this reduction from the patient.
- b. A control ledger has not been established over the accounts receivable. A control ledger identifies total accounts receivable due the district and reconciles monthly billings and cash receipts. This tool will identify any missing ledger cards or revenues if established and monitored properly. During our previous audit, we recommended the district establish the control ledger. The district's ambulance bookkeeper intended to establish the control ledger, but has not had time to do so.
- c. The district is not writing ambulance receipts. During our previous audit, we identified that the district was using redi-form receipts for ambulance collections. We recommended the district obtain and use preprinted receipts which identify the district and would provide numerical accountability. On January 1, 1993, the district ceased writing receipts for ambulance revenues. When we discussed this with the district's ambulance bookkeeper, she stated that she saw no benefit in writing receipts.
- d. The district is not depositing collections in a timely manner. Of the 14 items deposited on December 6, 1994, to the district depository account, 9 were more than one month old. The district's depository account still contains a deposit made in March 1994. The district has not transmitted these 1994 deposits or any subsequent deposits to the district's treasurer (Okanogan County) as of December 27, 1995.

We reviewed additional deposits and determined that the district routinely prepares deposits without taking the deposit to the bank for one to three months. Only one deposit has occurred during 1995.

- e. The district failed to provide all the ambulance records requested for the audit. The district's ambulance bookkeeper did not provide the incident logs for 18 of the 36 months being reviewed, November and December 1993 bank statements, open patient accounts, and all closed accounts for patients with last names

beginning with the letters "M" through "Z." The bookkeeper stated that she was unable to locate the missing bank statements and "chose" half of the closed accounts for us to review.

We compared the district's billings and collections during the audit period and although the billings have increased 43 percent, the collections have decreased 20 percent.

Article XI, Section 15 of the *Constitution of the State of Washington* requires all moneys be deposited immediately with the treasurer of the municipal corporation.

RCW 43.09.200 states in part:

The (accounting) system shall exhibit true accounts and detailed statements of funds collected, received, and expended . . . and the amounts due and received from each source; all receipts, vouchers, and other documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction

RCW 43.09.240 states in part:

Every public officer and employee, whose duty it is to collect or receive payments due or for the use of the public shall deposit such moneys collected or received by him or her with the treasurer of the taxing district once every twenty-four consecutive hours.

RCW 52.16.010 makes it the duty of the county treasurer to receive and disburse district revenues.

The district has lost revenues as a result of the billings not being done in a timely manner. The district's failure to deposit moneys intact and in a timely manner increases the risk that errors or irregularities could occur and not be detected. Also, by failing to remit moneys to the county treasurer as collected, the district does not obtain maximum investment earnings on the money. The missing incident logs and account ledgers prevent us from determining if all revenues earned were billed and collected.

The district has not dedicated the necessary resources to adequately safeguard revenues.

We recommend that Okanogan County Fire District No. 4 establish and maintain adequate internal controls to determine ambulance revenues are accounted for and cash is safeguarded. We further recommend that all district records be safeguarded and provided for the audit when requested.